

OCT 27 '08

1-00 AM

FLETCHER & SIPPEL LLC

ATTORNEYS AT LAW

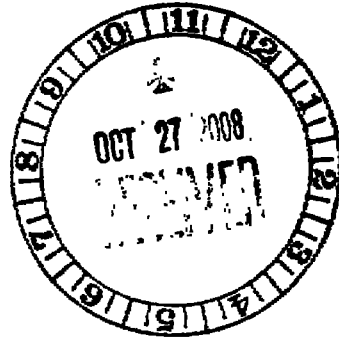
29 North Wacker Drive
Suite 920
Chicago, Illinois 60606-2832

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October 24, 2008

SURFACE TRANSPORTATION BOARD

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*Via Overnight (Next Business Day) Delivery*

Ms. Anne K. Quinlan
Acting Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423-0001
Attn: Office of Recordations

Dear Secretary Quinlan:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are an original and two (2) copies of a Memorandum of Lease, dated as of October 22, 2008, a primary document as defined in the Board's Rules for the Recordation of Documents.

A description of the railroad equipment covered by the enclosed document follows: One (1) EMD SW8 locomotive with a reporting mark YK21.

The names and addresses of the parties to the enclosed documents are:

Lessor: Titan Rail, Inc.
1 East Merchants Drive
Oswego, Illinois 60453

Lessee: Yreka Western Railroad
300 East Miner Street
Yreka, California 96097

Also enclosed is a check in the amount of \$41.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return one stamped copy of the enclosed document to the undersigned.

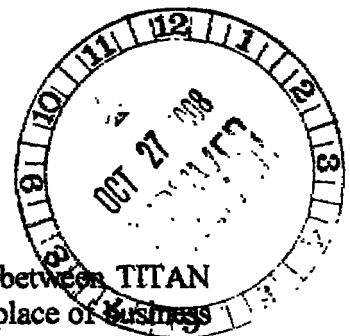
Respectfully submitted,


Jeremy M. Berman
Attorney for Titan Rail, Inc.

Enclosures

OCT 27 '08

1:00 AM

SURFACE TRANSPORTATION BOARD
MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE provides notice of a lease between TITAN Rail, Inc., a Delaware corporation, with its chief executive office and principal place of business at One East Merchants Drive, Suite 304, Oswego, Illinois 60453 (hereinafter the "Lessor") and Yreka Western Railroad, a corporation organized under the laws of the State of California ("Lessee").

Lessor hereby states the following:

1. As reflected on the attached signature page, Lessor and Lessee are parties to a certain Lease, whereby Lessor leases to Lessee one (1) EMD SW8 locomotive bearing the railroad reporting mark YK 21. Lessor is a party to said Lease pursuant to the attached Notice of Assignment. *EB*

Lessor desires to execute this Memorandum of Lease for purposes of memorializing of record the lease and security contemplated hereby.

IN WITNESS WHEREOF, the Lessor has caused this Memorandum of Lease to be executed as of the date written below.

WITNESS:

Eric C. Bachman CFO

TITAN Rail, Inc., a Delaware Corporation

By: *ECB*

Title: *President*

Date: *10/22/08*

STATE OF ILLINOIS)
COUNTY OF *Yreka*) ss

On this *22nd* day of *October*, *2008*, before me, a Notary Public of the County and State aforesaid, personally appeared Eric C. Bachman to me personally known, who being by me duly sworn, says that he is the President of TITAN Rail, Inc., a Delaware corporation, that said instrument was signed on behalf of said corporation and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

AS WITNESS my hand and notarial seal.



Michelle M. Harris
Notary Public


NOTICE OF ASSIGNMENT

Reference is hereby made to that certain Locomotive Lease Agreement dated as of January 19, 2007 (the "Lease"), between TITAN Transit, Inc. ("Assignor") and Yreka Western Railroad ("Lessee").

Assignor hereby gives Lessee notice that Assignor has assigned all its right, title and interest in the Lease to TITAN Rail, Inc. ("Assignee"), whose offices are One East Merchants Drive, Suite 304, Oswego, Illinois 60543-9453. From and after the date of this Notice, all payments of rent and other sums now or hereafter becoming due pursuant to the Lease or with respect to the equipment described in the Lease (the "Equipment") shall be paid to Assignee.

Dated this March 22, 2007.

TITAN Transit, Inc.
Assignor

By: 

Name: Eric C. Bachman

Title: President

IN WITNESS WHEREOF, Lessor and Lessee have caused this Lease to be duly executed as of the day and year first above written.

LESSOR:

TITAN Transit, Inc.
26 S. Madison Avenue, Box 237
Oswego, IL 60543-9998

By: 

Title: President

Name Eric C. Bachman

Date: 3/22/07

STATE OF ILLINOIS)

COUNTY OF KENDALL) ss.

I, _____, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY THAT _____ of TITAN Transit, Inc., who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and as the act of said corporation for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this _____ day of _____.

Notary Public

Notary Seal

LESSEE:

Yreka Western Railroad
300 East Miner Street
Yreka, CA 96097

By: 

Title: President

Name Lester R. Smith

Date Mar 31 - 2007

STATE OF _____)

COUNTY OF _____) ss.

I, _____, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY THAT _____ of Yreka Western Railroad, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and as the act of said corporation for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this _____ day of _____.

Notary Public

Notary Seal

See attached



CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California }
County of Siskiyou } ss.

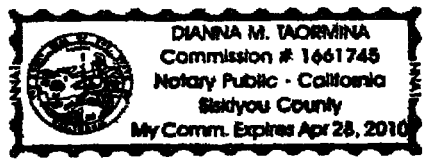
On January 31, 2010 before me, DIANNA M. TAORMINA
personally appeared Eric Bachman
Name and Title of Officer to be Notary Public
Signature of Signer(s)

☐ personally known to me
☒ proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

DIANNA M. TAORMINA
Commission # 1661745
Notary Public - California
Siskiyou County
My Comm. Expires Apr 28, 2010



[Signature]
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Transfer of The Locomotive lease right

Document Date 1-19-10 Number of Pages 2 + 11

Signer(s) Other Than Named Above: Eric Bachman

Capacity(ies) Claimed by Signer

Signer's Name Samuel A. Bachman

- ☐ Individual
- ☒ Corporate Officer — Title(s) President
- ☐ Partner — () Limited () General
- ☐ Attorney-in-Fact
- ☐ Trustee
- ☐ Guardian or Conservator
- ☐ Other

Signer Is Representing: Yreka Western Railroad



Under penalty of perjury, I declare that I have compared the foregoing copy of the Memorandum of Lease with the original and have found the copy to be complete and identical in all respects to the original document.



Jeremy M. Berman
Filer for Lessor